

**Q. In reference to the evidence of Lorne Henderson, pages 8 and 9, Tables 1 and 2, please show revenue to cost ratios for each customer class under 1) current method, 2) including proposed classification of general expenses, 3) including proposed normalized revenue and purchase power expense, and 4) with both proposed changes to the cost of service methodology.**

**A.** With reference to pages 8 and 9, Tables 1 and 2 of Lorne Henderson's evidence, Table 1 below provides the revenue to cost ratios for each of the following scenarios:

Scenario 1: Functional Classification of General Expenses ... Current Method  
Revenue and Purchase Power Expense ..... Actual

Scenario 2: Functional Classification of General Expenses ... Proposed Method  
Revenue and Purchase Power Expense ..... Actual

Scenario 3: Functional Classification of General Expenses ... Current Method  
Revenue and Purchase Power Expense ..... Normalized

Scenario 4: Functional Classification of General Expenses ... Proposed Method  
Revenue and Purchase Power Expense ..... Normalized

Note:

The current method represents the cost of service methodology temporarily approved in Order No. P.U. 7 (1996-97).

**Table 1 – Revenue to Cost Ratio Scenarios**

| Class of Service          | Rate Code | Revenue to Cost Ratio (%) Scenarios |       |       |       |
|---------------------------|-----------|-------------------------------------|-------|-------|-------|
|                           |           | #1                                  | #2    | #3    | #4    |
| Domestic                  | 1.1       | 96.0                                | 95.9  | 96.2  | 96.2  |
| G.S., 0-10 kW             | 2.1       | 103.6                               | 104.2 | 104.0 | 104.6 |
| G.S., 10-100 kW (110 kVA) | 2.2       | 108.6                               | 108.4 | 108.1 | 107.9 |
| G.S., 110-1000 kVA        | 2.3       | 107.0                               | 106.6 | 106.6 | 106.2 |
| G.S., 1000 kVA and Over   | 2.4       | 107.1                               | 106.8 | 106.8 | 106.6 |
| Street and Area Lighting  | 4.1       | 98.7                                | 101.4 | 98.8  | 101.5 |